

## **IC 20-40-9**

### **Chapter 9. Debt Service Fund**

#### **IC 20-40-9-1**

##### **"Debt service"**

Sec. 1. As used in this chapter, "debt service" includes bonds and coupons, civil bond obligations, lease rental contracts, and interest cost on emergency and temporary loans.

*As added by P.L.2-2006, SEC.163.*

#### **IC 20-40-9-2**

##### **"Fund"**

Sec. 2. As used in this chapter, "fund" refers to a debt service fund established under section 4 of this chapter.

*As added by P.L.2-2006, SEC.163.*

#### **IC 20-40-9-3**

##### **"Levy"**

Sec. 3. As used in this chapter, "levy" refers to a debt service levy under IC 20-46-7 for the fund.

*As added by P.L.2-2006, SEC.163.*

#### **IC 20-40-9-4**

##### **Establishment of fund**

Sec. 4. The governing body of each school corporation shall establish a debt service fund.

*As added by P.L.2-2006, SEC.163.*

#### **IC 20-40-9-5**

##### **Uses; required use of fund**

Sec. 5. Except as otherwise provided by law, all expenditures for debt service must be paid from the fund.

*As added by P.L.2-2006, SEC.163.*

#### **IC 20-40-9-6**

##### **Uses; payment of debt and lease expenses**

Sec. 6. Money in the fund may be used for payment of the following:

- (1) All debt and other obligations arising out of funds borrowed or advanced for school buildings when purchased from the proceeds of a bond issue for capital construction.
- (2) A lease to provide capital construction.
- (3) Interest on emergency and temporary loans.
- (4) All debt and other obligations arising out of funds borrowed or advanced for the purchase or lease of school buses when purchased or leased from the proceeds of a bond issue, or from money obtained from a loan made under IC 20-27-4-5, for that purpose.
- (5) All debt and other obligations arising out of funds borrowed to pay judgments against the school corporation.

(6) All debt and other obligations arising out of funds borrowed to purchase equipment.

*As added by P.L.2-2006, SEC.163.*

#### **IC 20-40-9-7**

##### **Uses; post of textbooks**

Sec. 7. (a) Money in the fund may be used for payment of all unreimbursed costs of textbooks for the school corporation's students who were eligible for free or reduced lunches in the previous school year.

(b) The governing body may transfer the amount levied to cover unreimbursed costs of textbooks under this section to the textbook rental fund or extracurricular account.

*As added by P.L.2-2006, SEC.163.*

#### **IC 20-40-9-8**

##### **Uses; lease rentals**

Sec. 8. (a) Lease rental obligations on account of leases entered into under IC 21-5-11 (before its repeal), IC 20-47-2, IC 21-5-12 (before its repeal), or IC 20-47-3 may be paid by a school corporation from the fund.

(b) Payments described in subsection (a) must be provided for in the annual budget for the fund from which the payment is made.

(c) This section does not prohibit the payment of lease rental obligations from the general fund.

*As added by P.L.2-2006, SEC.163.*

#### **IC 20-40-9-9**

##### **Uses; community school corporations**

Sec. 9. Money in the fund may be used to pay lease rental obligations, school bonds and coupons, and civil bond obligations assumed by school corporations reorganized under IC 20-23-4.

*As added by P.L.2-2006, SEC.163.*

#### **IC 20-40-9-10**

##### **Limitation on payment of principal; emergency and temporary loans**

Sec. 10. (a) Except as otherwise provided by law, a school corporation may not pay from the fund the principal of emergency and temporary loans obtained for the benefit of any other fund.

(b) Except as provided in IC 20-48-1-7 and IC 20-48-1-9, payment of interest on emergency and temporary loans must be received in and disbursed from the fund.

*As added by P.L.2-2006, SEC.163.*

#### **IC 20-40-9-11**

##### **Uses; principal and interest; state advance**

Sec. 11. An amount equal to deductions made or to be made in the current year for the payment of principal and interest on an advancement from any state fund (including the common school fund

and the veterans memorial school construction fund) may be included in debt service and appropriated and paid to the general fund.

*As added by P.L.2-2006, SEC.163.*